

June 18, 2012

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VIA ELECTRONIC FILING

Ms. Jocelyn G. Boyd
Chief Clerk and Administrator
The Public Service Commission of South Carolina
Synergy Business Park
101 Executive Center Drive
Columbia, South Carolina 29210

Moore & Van Allen PLLC

Suite 4700
100 North Tryon Street
Charlotte, NC 28202-4003

Re: Docket No. 2012-4-G

Dear Ms. Boyd:

On June 11, 2012, Piedmont Natural Gas Company, Inc. ("Piedmont") filed its prepared direct testimony in the above-referenced docket attesting to the prudence of Piedmont's annual gas costs and gas cost accounting. Since that filing, Piedmont has discovered two errors in the testimony submitted by Piedmont witness Mr. Robert L. Thornton. The first error, on Line 21 of Page 2 of Mr. Thornton's testimony, misstates the amount of the credit adjustment to Piedmont's Account No. 253.04 as \$2,816,898.44. The correct number is \$2,806,898.44. The second error, on Line 4 of Page 3 of Mr. Thornton's testimony, attributes the date of the supplier refunds comprising the adjustment to its Account No. 253.04 to the 2008 review period when the correct reference should be prior to that period. In order to correct these errors, Piedmont is filing errata versions of pages 2 and 3 of Mr. Thornton's testimony.

Piedmont respectfully submits the attached errata pages for Mr. Thornton's testimony and asks that these pages be substituted for the pages originally filed. I apologize for any inconvenience that may have resulted from these errors.

If you have any questions regarding this matter, you may reach me at the number shown above.

Sincerely,

Moore & Van Allen, PLLC

s/ James H. Jeffries IV
James H. Jeffries IV

Enclosures

c: Ms. Nanette Edwards
Mr. David Carpenter
Ms. Pia Powers
Mr. Jeremy Hodges

DOCKET NO. 2012-4-G
PIEDMONT NATURAL GAS COMPANY, INC.

TESTIMONY OF ROBERT L. THORNTON
ERRATA PAGES 2 AND 3

1 statements, recording Piedmont's margin in accordance with regulatory
2 requirements in each of the three state jurisdictions in which Piedmont
3 operates, verifying volumes and prices on all invoices relating to the purchase
4 and transportation of natural gas, and recording gas inventory accounts and
5 deferred accounts. I am also responsible for the middle office functions related
6 to the experimental hedging program implemented in South Carolina pursuant
7 to Commission Order No. 2002-223 dated March 26, 2002.

8 **Q. Have you previously testified before this Commission or any other**
9 **regulatory authority?**

10 A. Yes. I have previously testified before the Public Service Commission of South
11 Carolina and the North Carolina Utilities Commission on several occasions.

12 **Q. What is the purpose of your testimony in this proceeding?**

13 A. The purpose of my testimony in this proceeding is to report to the Commission
14 Piedmont's end-of-period balances in and accounting for its deferred gas costs
15 accounts in order to permit the Commission to determine that Piedmont's true-
16 up procedures for the review period have resulted in a properly stated cost of
17 gas and that Piedmont's gas costs are properly recorded in compliance with
18 Piedmont's Gas Cost Recovery Mechanism and Hedging Plan.

19 **Q. Were there any adjusting accounting entries made to the Deferred**
20 **Account No. 253.04?**

21 A. Yes, there was a credit adjustment made in March 2012 of \$2,806,898.44

1 which is comprised of supplier refunds of \$2,304,184.36 and \$502,714.08 of
2 associated interest.

3 **Q. Why is this adjustment necessary?**

4 A. The Company discovered supplier refunds, dating back prior to the 2008
5 review period, that had been posted to the Miscellaneous Deferred Credits
6 Account 25330, and therefore, not reflected as refunds due to South Carolina
7 customers in Account 25304. This adjustment corrects the recording of those
8 supplier refunds from the Miscellaneous Deferred Credits Account 25330 to
9 Deferred Account 25304 along with the interest accrued on those amounts.
10 This results in a direct benefit to South Carolina customers of \$2,806,898.44.

11 **Q. Has the Office of Regulatory Staff reviewed Piedmont's accounting for its**
12 **cost of gas for the review period in this proceeding?**

13 A. Yes. The Commission has previously ordered the Company to maintain an
14 account reflecting its gas costs each month, the amount of gas costs recovered
15 each month, and amounts deferred each month. The audit staff of the ORS has
16 conducted a detailed audit and review of the review period activity in that
17 account, as well as the detailed data supporting the accounting entries to that
18 account. A summary of the review period activity in that account is attached
19 hereto as Exhibit__(RLT-1).

20 **Q. Does the Company also maintain a hedging deferred account?**

21 A. Yes. Effective April 1, 2002, Piedmont implemented an experimental natural